No. 2792.

United States

Circuit Court of Appeals

FOR THE NINTH CIRCUIT.

Pomona Fruit Growers, Exchange,
Defendant-Appellant,
vs.
Fred Stebler,
Complainant-Appellee.

APPELLEE'S BRIEF.

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APPELLEE'S BRIEF.

This is an appeal from a final decree. It is clear from the assignments of error that appellant does not seek review of any part of the decree or of any proceeding had in the case, except that portion of the decree which adjudges that appellant shall pay the costs.

At the threshold we meet the appellant with the proposition that this appeal must be dismissed, as it is a well-settled rule of law that an appeal or a writ of error will not lie to review a decree relating to costs alone. This rule is well settled. It has been applied by the Supreme Court of the United States in several cases.

"So far as the appeal of Thomas Nixon is concerned, the controversy is really as to costs alone. The decree against him *will,* consequently, *not be considered.* Canter v. Ins. Co., 3 Pet. 307; Elastic Fabric Co. v. Smith, 100 U. S. 110."

Paper Bag Machine Cases, 105 U. S. 766.

In the case of Gamewell Fire Alarm Co. v. Municipal Signal Co., 77 Fed. 490, the Circuit Court of Appeals for the First Circuit dismissed the appeal, which involved only the question of costs in a suit for infringement of patent, citing Elastic Fabric Co. v. Smith and Paper Bag Cases (*supra*) as their authority.

In *in re* Michigan Central Railroad Co., 124 Fed. 724, the Circuit Court of Appeals for the Sixth Circuit (Circuit Judges Lurton, Severens and Richards) sustained the appeal in that case on the ground that the decree complained of involved the construction and application of a statute regarding the allowance of certain fees to the clerk of court and (page 732) that the decree appealed from did not involve any question of taxation of costs as between the parties, and that costs as between the parties are within the sound legal discretion of the trial court, and for that reason an appeal will not lie alone from a decree taxing costs, citing Canter v. Insurance Co., 3 Peters 306; U. S. v. Brig Malik Adhel, 2 How. 209; Elastic Fabric Co. v. Smith, 100 U. S. 110; DuBois v. Kirk, 158 U. S. 58, 67; Kittredge v. Race, 92 U. S. 116, 120; Paper Bag Cases, 105 U. S. 766, 772; Gamewell Fire Alarm Tel. Co. v. Municipal Co., 77 Fed. 490.

Street on Equity Practice, Sec. 2059, page 1223, says:

> "The ground upon which the right of appeal is denied upon the question of costs alone is that the matter is one of discretion, and not of positive law."
>
> "In equity and admiralty the matter of the imposition of costs upon the one party or the other is so far a matter within the sound legal discretion of the court of first instance, that a decree relating to costs alone will not ordinarily be reviewed in the appellate court."
>
> Street Fed. Eq. Pr., Vol. 2, Sec. 2058, page 1222.

This court (Circuit Judges Gilbert and Ross and District Judge Hawley), in Tyler Mining Co. v. Sweeny, 78 Fed. 277, 282, says:

> "The law is well settled that an appeal or writ of error does not lie from a judgment or decree as to costs merely. Canter v. Insurance Co., 3 Pet. 307, 319; Fabrics Co. v. Smith, 100 U. S. 110; Wood v. Weimar, 104 U. S. 786, 792; Russell v. Farley, 105 U. S. 433, 437; Machine Co. v. Nixon, *id.* 766, 772; Bank v. Hunter, 152 U. S. 512, 516, 14 Sup. Ct. 675; DuBois v. Kirk, 158 U. S. 58, 68, 15 Sup. Ct. 729; Clarke v. Warehouse Co., 10 C. C. A. 387, 62 Fed. 328, 334."

It is submitted, therefore, that the appeal should be dismissed with costs to appellee.

This appeal does not involve any question of law as to whether a given item of costs or disbursements taxed was allowable or taxable, or whether any portion

of the cost judgment appealed from is admissible or allowable under any statute of the United States. There is before the court no question except the bare, naked challenge of the discretion of the court in adjudging that the costs be paid by the appellant. Appellant's fourth assignment of error finds no foundation in the record.

So far as the record before this court shows there was a judgment in gross for $36.20, complainant's costs and disbursements [Record page 8]. Nowhere does it appear in the record of what items this sum is composed. So far as this court can determine this whole amount may be fees of the clerk of the District Court and fees of the U. S. marshal for serving the papers. That any "solicitor's docket fee" of $20.00 is included is not shown by the record. There can be no assumption of such fact by this court. On the record as presented there is nothing before this court embracing any controversy as to such "solicitor's docket fee," and all of appellant's contentions and assertions in regard thereto are *dehors* the record.

It is well established law that no appeal lies to this court from the taxation of the costs by the clerk of the court. Such an appeal must be first taken from the action of the clerk to the judge of the District Court, otherwise appeal is waived. The stipulation of facts contained in the record does not show that there was any appeal taken from the clerk's taxation. As a matter of fact there was no appeal taken from the clerk's taxation of the costs. Hence, this appeal to this

court must be dismissed. See decision of this court in Tyler Mining Co. v. Sweeny, 79 F. 277, 281-282.

In this last case the court says:

> "This court cannot review the action of the clerk of the Circuit Court. Under the practice prescribed by the rules, the taxation of costs as made by the clerk becomes final unless an appeal is taken therefrom to the court or judge within the time mentioned in rule 19."

The rules of the District Court of the United States for the Southern District of California provide that the action of the clerk in taxing costs shall be final unless modified on appeal as provided in rule 19. Rule 19 provides that an appeal, from the decision of the clerk in the taxation of costs, may be taken to the court or judge, orally * * * or by motion to retax * * *. It is therefore submitted that there is no question before this court as to the correctness or propriety of taxing the solicitor's docket fee of $20.00, which forms the subject-matter of appellant's fourth assignment of error. This allegation of error is in no manner before the court.

There is another reason why the assignments of error does not bring before this court any question for review. It does not appear that appellant appealed, from the taxation of cost by the clerk, to the District Court. It is submitted that the failure to so appeal leaves out a necessary link in the procedure, necessary as a foundation for a review. Without thus contesting the correctness of the taxation and the entry of the cost judgment by the clerk, appellant calls upon

this court, without submitting the matter to the District Court, to review the taxation. It is urged that it was necessary for appellant to have appealed from the clerk's taxation and carried this procedure through the District Court and from there to this court, in order to have a reviewable question. In other words that this appeal seeks review solely of the clerk's action in taxing costs. If such action is to be reviewed, it must be reviewed in the manner prescribed by law and the rules of the court. If no appeal from the clerk's taxation is taken, then there was no action of the District Court upon which to base the appeal. Appellant has mistaken its remedy (granting he had one),—in that it was a prerequisite to appeal to this court, that an appeal should be taken from the clerk's taxation to the District Court, and from the action of that court to this court.

Tyler Min. Co. v. Sweeny (*supra*).

By this appeal the court is called upon to review the exercise by the District Judge of his discretion in determining whether this suit should be dismissed without costs or which party should pay the costs. All the facts of the litigation were before the District Court. Not only was this suit, and all the records thereof before him, but all the records in the litigation between the present appellee, Fred Stebler, and George D. Parker, were before him and referred to in the consideration of the question thus to be determined. They were the records of that court.

It was clearly shown that at the time of the com-

mencement of this suit there was no defense to the cause of action sued on, and none was pleaded in the answer. A motion for preliminary injunction was made, and when brought on to be heard, after argument by counsel, determination thereof was stayed, upon the defendant George D. Parker in Case No. 1562 giving an additional bond in the sum of $10,000.00 to cover the entire claim which appellee had or might have against this appellant. By order of this court this stay was limited to the date of entry of judgment in Case 1562 on the accounting. This limit was part of the modification ordered by this court in its opinion (114 Fed. 550).

Upon the entry and payment of judgment in suit 1562 the use of appellant's machines *became licensed by operation of law* by virtue of the decision of this court in 114 Federal 550. No right or license to use the machines existed in appellant prior to that time, and appellant was using appellee's property without even color of right.

The theory of this court and of the District Court in staying this suit, upon the defendant George D. Parker giving bond in suit 1562 to pay all profits and damages, was that *when so paid* these machines *would be* freed. The lower court required a $10,000 bond in addition to the $5,000 theretofore given by George D. Parker (to secure all profits and damages) when a stay of the mandate of this court was desired to permit a petition to the Supreme Court for a writ of certiorari. At that time this appellee (appellant in this court in that case, 205 Fed. 735) made a showing in

open court as to the questionable responsibility of George D. Parker. On such showing the $5,000 was required.

The District Court did not grant the injunction staying prosecution of this case as a matter of right. It granted it only upon condition that George D. Parker give security that the machines of the present appellant *would be freed or licensed* by actual payment. Neither the District Court nor this court ever decided *that when this suit was instituted* appellant had any defense to it. It was stayed and its prosecution enjoined solely on the theory that security having been given that a full license *would be acquired,* the suit should not go on until that license was available as a defense. When it became available as a defense the District Court having all the facts and circumstances before it adjudged that, as appellant admitted, by its pleading it at the time the suit was brought, appellant had no defense, and was wrongfully using appellee's property. It would be inequitable to mulct the owner of the patent appellant had wilfully infringed with the costs. Appellant and not appellee was the one who violated the rights of the other and appellant has been amply protected in having this suit held in abeyance while through the process of the law after full litigation and hearing and subsequent payment a *license* covering both the past and future use of appellant's machines came into *esse*.

In order to have availed itself of this license as a defense, appellant would have been required to plead it as matter happening *after the suit had been insti-*

tuted. It did not exist at the time appellant filed its answer. In order to save expense all the records and proceedings in the suit No. 1562 of this appellee against George D. Parker and the Riverside Heights Orange Growers' Association were informally brought before the District Court on appellee's motion to dismiss. Appellant's counsel at the hearing admitted to the District Court that at the time this suit was filed appellee had a right to file it,—had a good cause of action against appellant,—and that at that time appellant had no defense.

On the other hand, at such hearing appellee conceded that appellant could then plead the payment of the judgment in 1562 (under the decision of this court in 214 Fed. 550) as a defense of a license acquired by operation of law after this suit was filed. As the real controversy was settled, motions by each party were made to dismiss,—the only question being who should pay the costs. After careful review of all the facts and a consideration of the decisions of this court (205 Fed. 735 and 214 Fed. 550) the District Court denied appellant's motion to dismiss at appellee's cost and granted appellee's motion to dismiss *at appellant's cost.*

Had such hearing not been had informally, it would have been necessary for appellant to have secured leave to file a supplemental answer to plead a license acquired after the suit was commenced. It would also have been necessary for it in such supplemental answer to aver that its machines were among those accounted for and paid for in case 1562, two years after this suit was filed. Leave to file such supplemental answer

doubtless would have been on condition that appellant pay all costs to that date.

Appellant stood an infringer for two years. Its infringement was settled by payment after this suit was brought. Before the prosecution of this suit was even stayed, a bond was exacted to ensure such payment. Appellant made this situation by its wilful infringement. Appellee could not prevent such infringement. Appellant was not even ensured his money *until* the bond was given as required by the District Court as a condition of staying the prosecution of this suit. Had George D. Parker not given that bond, neither the District Court nor this court would have stayed the prosecution of this suit. Why, therefore, can it be said that the District Court abused its discretion in ordering appellant to pay the costs which by appellant's acts were rendered necessary? Must appellee be mulcted because he asked merely security that a part of what was his (so determined by this court) should be paid him?

Had George D. Parker in case 1562 not paid the judgment therein in full no license or release would have inured to this appellant and this suit would have proceeded to trial *without appellant* having any defense whatever.

Is not the test,—Was there a cause of action at the time of filing the suit? If there was a cause of action at that time, must not the defendant pay the costs to the date when such defense comes into *esse* in order to be permitted to plead a defense acquired subsequent to its original answer?

Appellee is not suing to make "costs" or expense, and appellee's solicitor is not practicing law for "costs," and it cannot be denied that it was the bringing of this suit (to which no defense then existed) that resulted in the District Court requiring security be given so that appellant would not go empty-handed and this wilful infringement go unredressed. Had appellee made costs or expenses after ample security had been given the question would have different equities.

After the bonds had been given no irreparable injury could have been inflicted on appellee by the continuation of appellant's infringement. That wrongful act of infringing was the cause of this suit. Such infringement was being continued by appellant although this court had finally determined appellant's acts to be an infringement. Appellant should not complain because the costs of securing appellee from loss due to appellant's wrongful act are charged against it.

The injunction order (214 Fed. 550) was to protect both parties. It was to hold matters in *statu quo,*— by securing appellee by bond against loss and appellant by stay of this suit until such time as payment could be made *and a right to use the infringing machines secured* and prevent any collection "in a double proportion" (214 Fed. 554). In this latter decision this court did not find that appellee had no right to bring this suit. The court only enjoined the bringing of other suits *because* appellee had been protected from loss by bonds. This was solely the interposition of equity to protect *both* parties. It is true that in this court on the appeal from the order granting this in-

junction there was no question of the financial responsibility of Mr. Parker. That question was then out of the case due to the giving of the bonds.

To have refused appellee recovery of the costs incurred in bringing this suit to protect his established rights would be to deny him recourse to the courts against wrongdoers. It was absolutely necessary that this suit be filed. That it resulted in a party, a stranger to the suit, in giving security to hold the appellee harmless from the acts complained of in this suit, and then in the further staying of the suit, shows that the necessity existed. The very fact that such bonds were required by the court is alone a sufficient admission that not only was this suit rightly commenced but that unless appellant or some one on its behalf changed conditions, the suit would have been and must have been prosecuted. It was therefore appellant's unlawful act that caused these costs. It should pay them. It has had the full benefit. It has secured a license to use the machines and a discharge from all claim for past use,—not by any agreement of appellee,—not by any real license or consent by appellee but by operation of law, and this license did not exist at the time this suit was brought.

FREDERICK S. LYON,
Solicitor for Appellee.